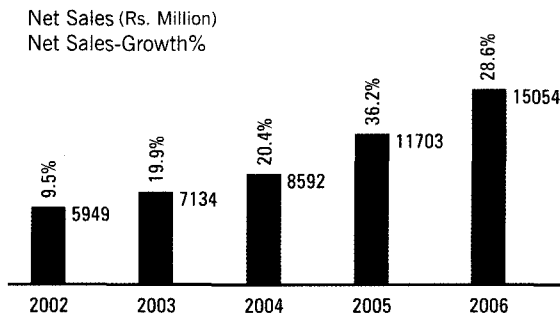




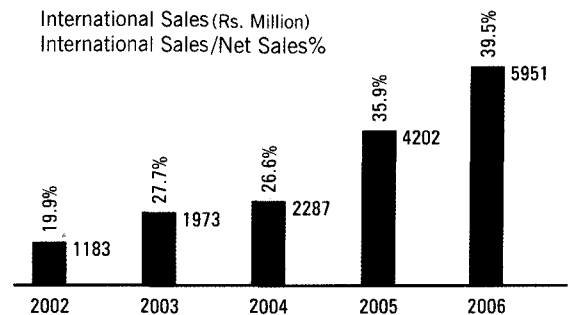
「Science  
of  
Partnerships」

# Financials at a glance

Net Sales (Rs. Million)  
Net Sales-Growth%



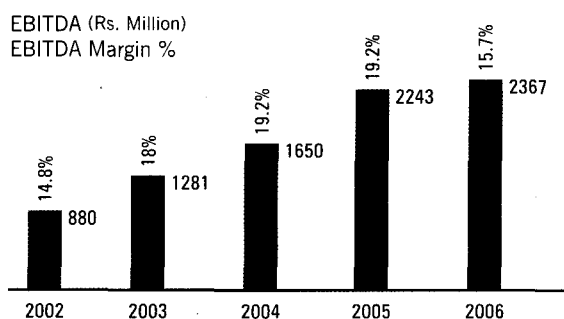
International Sales (Rs. Million)  
International Sales/Net Sales%



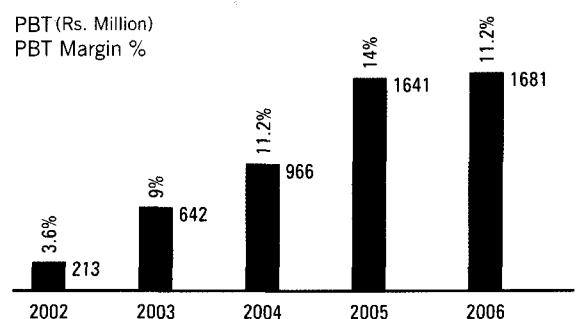
Shareholding Pattern

Market Capitalization as on 31st March 2006 -Rs. 34,621 Million

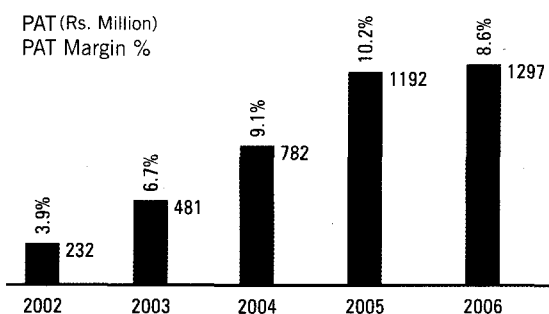
EBITDA (Rs. Million)  
EBITDA Margin %



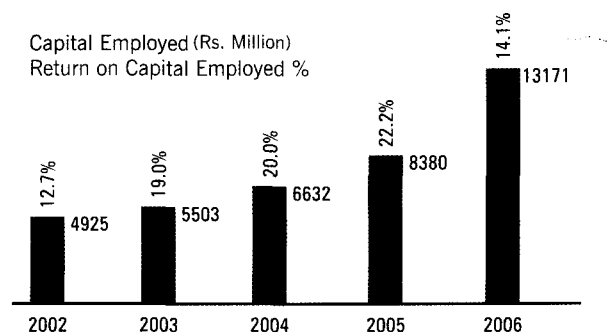
PBT (Rs. Million)  
PBT Margin %



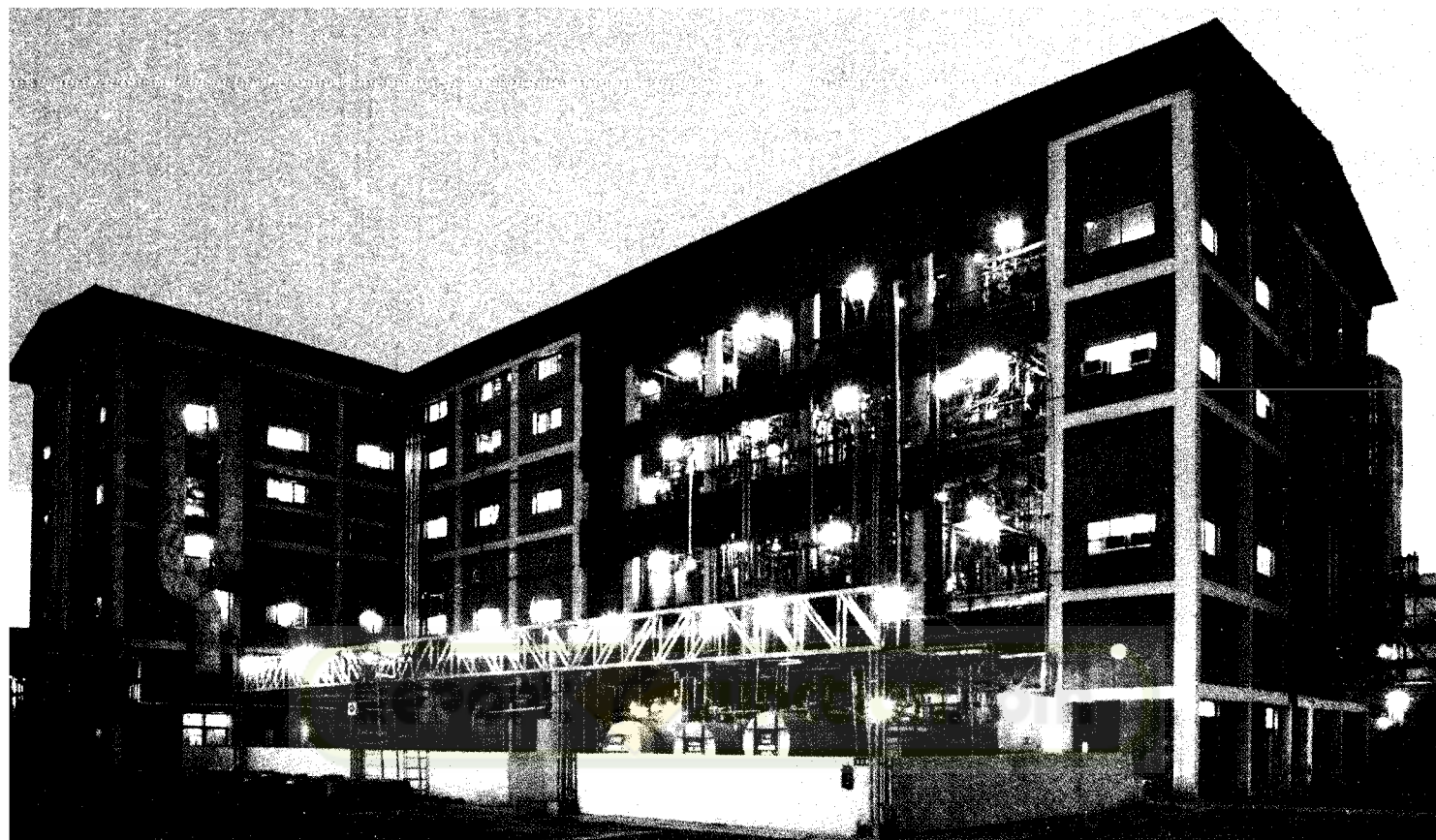
PAT (Rs. Million)  
PAT Margin %



Capital Employed (Rs. Million)  
Return on Capital Employed %



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# Corporate Information

<b>Registered Office</b>	Bhartiagram, Gajraula, Distt. Jyotiba Phoolay Nagar 244 223, Uttar Pradesh, India
<b>Corporate Office</b>	1A, Sector 16A, Noida 201 301, Uttar Pradesh, India
<b>Statutory Auditors</b>	K N Gutgutia & Co. 11K Gopala Tower, 25, Rajendra Place New Delhi 110 048, India
<b>US GAAP Auditors</b>	KPMG, 4B, DLF Corporate Park, DLF City Phase III, Gurgaon 122 002, India
<b>Cost Auditors</b>	J K Kabra & Co., 552/1B, Arjun Street, Main Viswas Road, Viswas Nagar, Delhi 110 032, India
<b>Internal Auditors</b>	Ernst & Young Pvt. Ltd., Ernst & Young Tower, B-26, Qutab Institutional Area, New Delhi 110 016, India
<b>Company Secretary</b>	Lalit Jain
<b>Registrars &amp; Transfer Agents</b>	Alankit Assignments Ltd., Alankit House, 2E/21, Jhandewalan Extension, New Delhi 110055, India Tel.: +91-11-23541234, 42541234
<b>Bankers</b>	ICICI Bank Ltd.  State Bank of India  Export Import Bank of India  Punjab National Bank  Corporation Bank  Canara Bank  ABN AMRO Bank N.V.  Standard Chartered Bank  ING Vysya Bank Ltd.

# Board of Directors

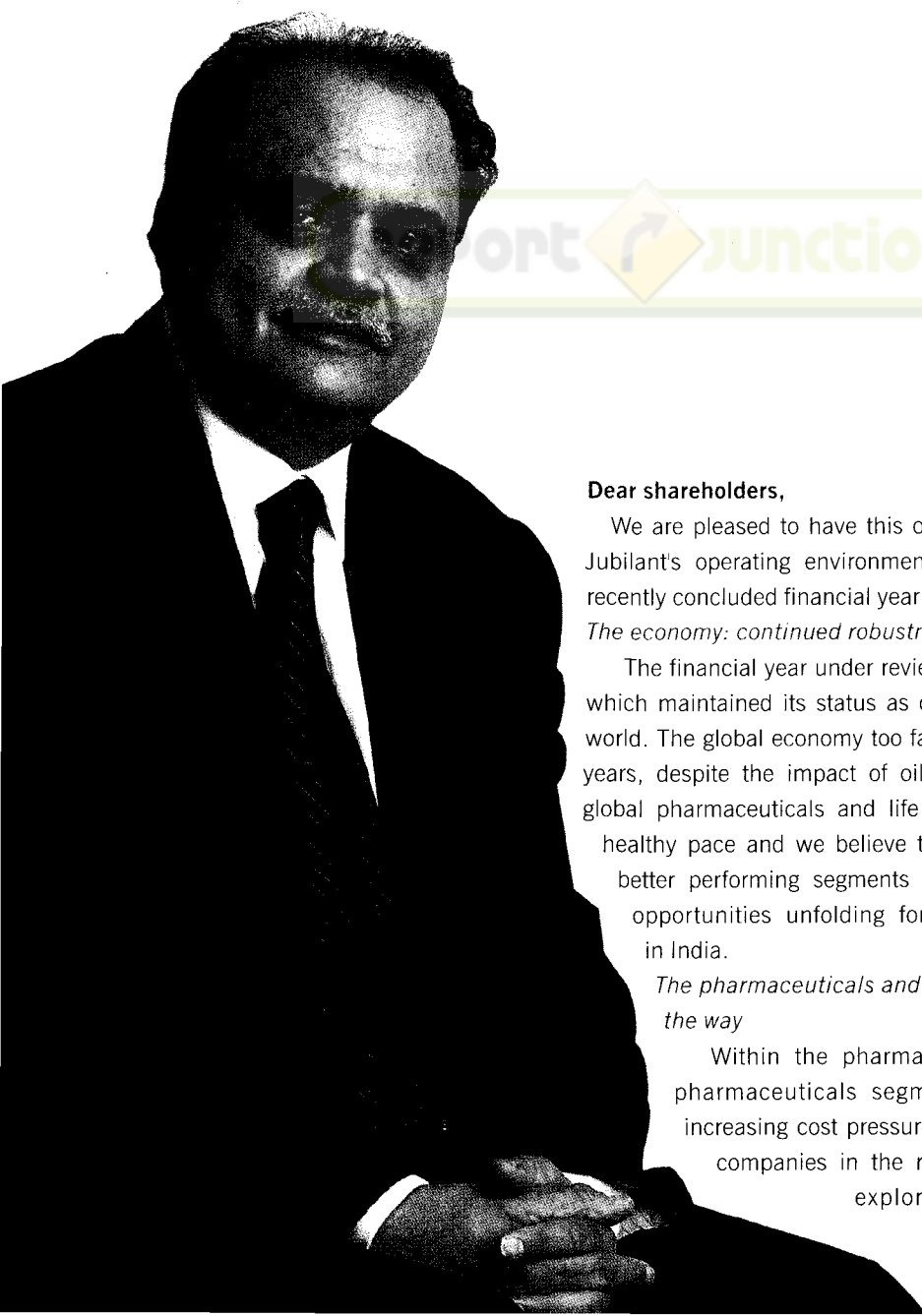
<b>Chairman and Managing Director</b>	Shyam S Bhartia
<b>Co-Chairman and Managing Director</b>	Hari S Bhartia
<b>Executive Directors</b>	Dr. J M Khanna S N Singh S Bang
<b>Directors</b>	Arabinda Ray Bodhishwar Rai Surendra Singh H K Khan Dr. Naresh Trehan Ajay Relan Abhay Havaladar

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<b>Executive Director – Finance</b>	R Sankaraiah
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# Chairmen's Message

"Jubilant is today well positioned to participate in the global outsourcing opportunity in pharmaceuticals sector and become a partner of choice to the life sciences industry. We have already made considerable progress in that direction, having signed several annual CRAMS contracts with global life sciences customers. "



## **Dear shareholders,**

We are pleased to have this opportunity to discuss our perspectives on Jubilant's operating environment and outlook with you in view of the recently concluded financial year and the emerging sector trends.

### *The economy: continued robustness*

The financial year under review has been good for the Indian economy, which maintained its status as one the fastest growing economies in the world. The global economy too fared relatively better compared to previous years, despite the impact of oil-price driven inflationary pressures. The global pharmaceuticals and life sciences sector continues to grow at a healthy pace and we believe that this sector is likely to be among the better performing segments of the global economy, with substantial opportunities unfolding for high quality, cost-competitive players in India.

### *The pharmaceuticals and life sciences industry: outsourcing leads the way*

Within the pharma and life sciences sector, the generic pharmaceuticals segment is displaying great potential, as increasing cost pressures on both generic and innovator pharma companies in the regulated Western markets prod them to explore avenues that reduce cost without



compromising on quality. Indeed, in recent months, the dynamics within the generic drugs market has been playing an increasingly important role in defining the overall direction for the pharmaceuticals industry globally. We see two distinct trends emerge with regard to the global pharma and life sciences sector. First, the generic pharma market has attained a size lucrative enough for even innovator companies consider participating in it, and secondly, as in any high potential segment, some consolidation on a global basis has already begun. This wave of consolidation has also witnessed active participation by Indian players, including Jubilant Organosys, that have the scale and capabilities to leverage such initiatives to create better value.

"Jubilant Organosys has always believed in partnership approach. Our partnerships with various stakeholders are based on a solid platform of trust, transparency and mutually beneficial decision-making."

The emphasis on reducing costs and maintaining quality levels is also driving outsourcing in the pharma and life sciences sector, with large global players partnering with high quality companies in low cost regions, such as India, for their requirements. Jubilant is today well positioned to participate in this global outsourcing opportunity and become a partner of choice to the global life sciences industry. We have already made considerable progress in that direction, having signed annual CRAMS contracts amounting to about US\$70 million with global life sciences customers.

*Jubilant Organosys: Science of Jubilant Partnership*

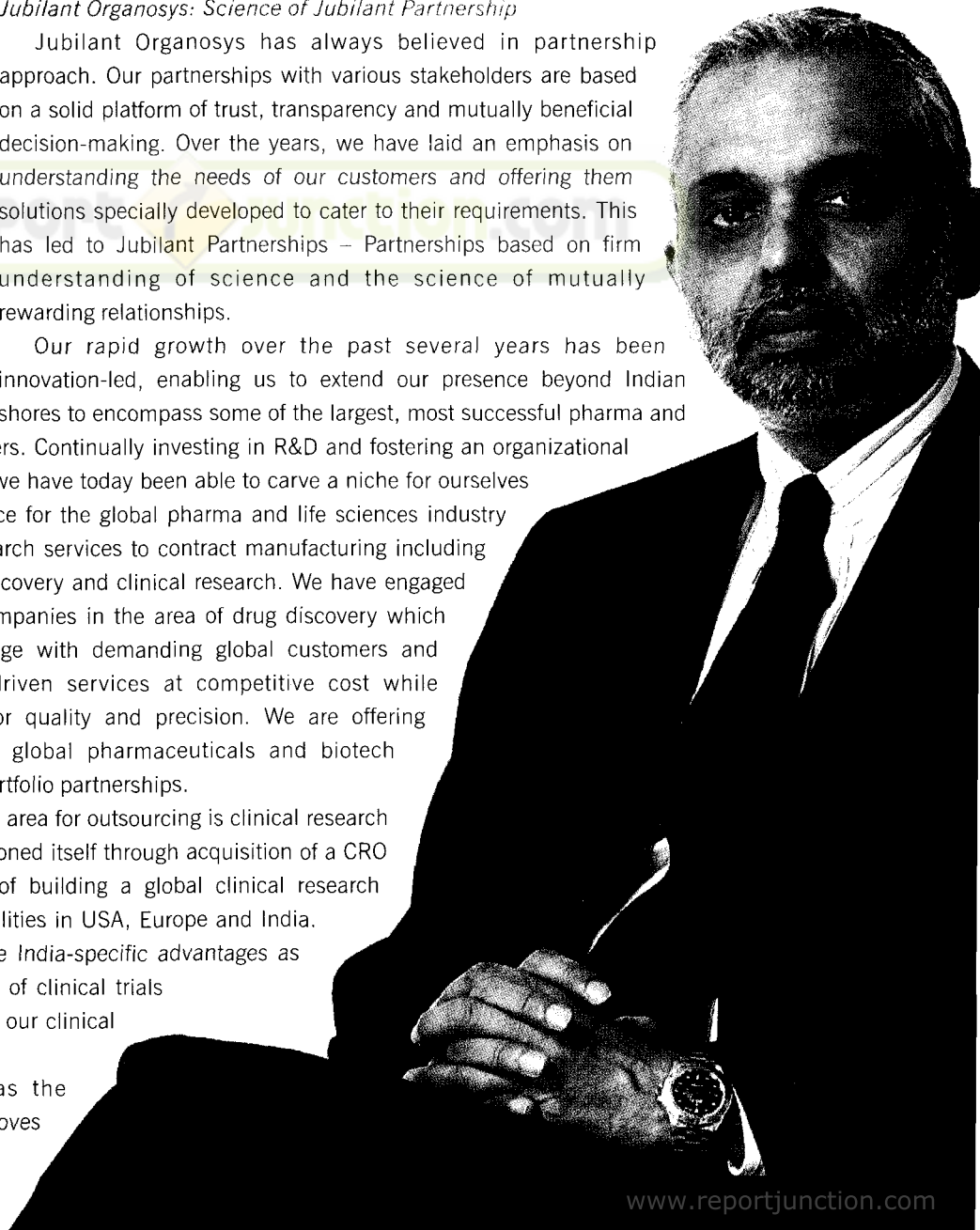
Jubilant Organosys has always believed in partnership approach. Our partnerships with various stakeholders are based on a solid platform of trust, transparency and mutually beneficial decision-making. Over the years, we have laid an emphasis on understanding the needs of our customers and offering them solutions specially developed to cater to their requirements. This has led to Jubilant Partnerships – Partnerships based on firm understanding of science and the science of mutually rewarding relationships.

Our rapid growth over the past several years has been innovation-led, enabling us to extend our presence beyond Indian shores to encompass some of the largest, most successful pharma and

life science majors as our customers. Continually investing in R&D and fostering an organizational culture that promotes innovation, we have today been able to carve a niche for ourselves as an outsourcing partner of choice for the global pharma and life sciences industry across the value chain, from research services to contract manufacturing including collaboration on high-end drug discovery and clinical research. We have engaged with innovator pharmaceutical companies in the area of drug discovery which demonstrates our ability to engage with demanding global customers and provide them with knowledge-driven services at competitive cost while matching their high standards for quality and precision. We are offering functional discovery services to global pharmaceuticals and biotech companies by forging integrated portfolio partnerships.

Another potentially high growth area for outsourcing is clinical research where Jubilant has uniquely positioned itself through acquisition of a CRO in USA. We are in the process of building a global clinical research organization with multi-centric facilities in USA, Europe and India. We intend to leverage the multiple India-specific advantages as well as our own skills in the area of clinical trials and data management to ramp up our clinical research operations.

It is our firm belief that as the regulatory framework in India improves

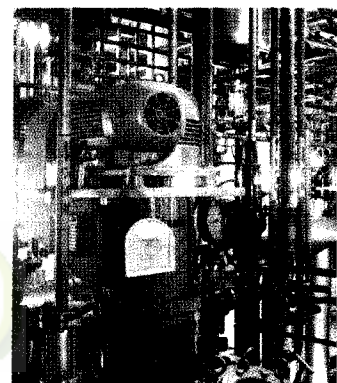
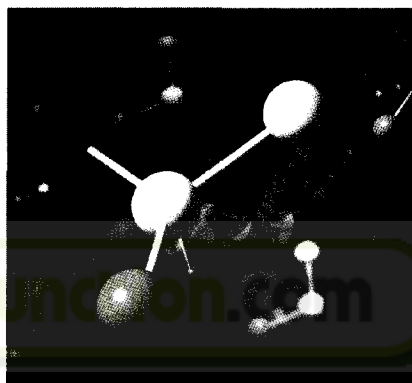


to meet the needs of an industry where IPR safeguards are essential, Indian players such as Jubilant will be able to capture an even larger slice of the global life sciences outsourcing business.

We, at our end, remain committed to better ourselves, find better ways to do things, innovate and effectively leverage our growing knowledge.

*The outlook: growth-oriented and strong*

Our performance in FY 2006, which is discussed in greater details elsewhere in this Annual Report, has been in line with our strategy, where we have made significant progress in meeting our long-term objectives. During the year under review, we continued to undertake inorganic and organic initiatives, such as the acquisition of Trigen Laboratories and Target Research



Associates and investments in CRAMS and API capacity expansions that provide us with a strong platform for growth. As we now enter one of the most exciting and promising phases of our growth, cognizant of the changes in the global marketplace and the opportunities it offers, we are confident that we have the resources and the resolve to successfully convert our internal capabilities into business and operational achievements. We are today an innovation-led organization with capabilities that act as natural competitive advantages. This gives us confidence in our outlook for the future, which we believe is growth-oriented and strong.

Going forward, we are confident of delivering higher sales growth than achieved in the year under review, as many of our growth initiatives in the pharmaceuticals and life sciences segment implemented over the last 2-3 years begin contributing to performance. We also expect an expansion in operating margins as we continue to move up the value chain into higher value added business areas.

Before concluding, we would like to express our appreciation to all our stakeholders who have supported us over the years. Specifically, we would like to thank our independent Board members for their support and guidance, both on the Board and as members of various committees. We would also like to acknowledge the continued support of our customers, vendors, employees, bankers, lenders, investors and shareholders in our quest to create a truly global organization with knowledge and innovation at its core.

Shyam S Bhartia  
Chairman and Managing Director

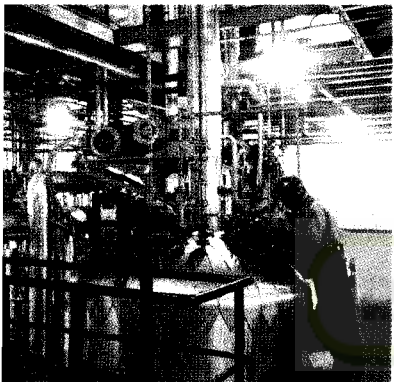
Hari S Bhartia  
Co-Chairman and Managing Director



# Executive Directors' Messages

## Dr. J M Khanna

Our Pharma and Life Science business continues to be the driver of our corporate growth. A key component of our strategy to further grow this business is to firmly establish ourselves as a reliable partner to both innovator and generic companies in the pharmaceuticals and life sciences industry worldwide, backed by a robust R&D infrastructure and knowledge bank created over the years. In our APIs business, we are fostering long-term partnerships with generic pharmaceutical companies in the regulated markets of USA, Europe and Japan. Our partnership-based, innovation-led strategy has been delivering results, with about 80% of our API export revenues coming from these regulated markets. We have also been expanding our global footprint in the APIs market, and during the past year we successfully entered the new market of Latin America and forged new partnerships with generic pharmaceutical companies.

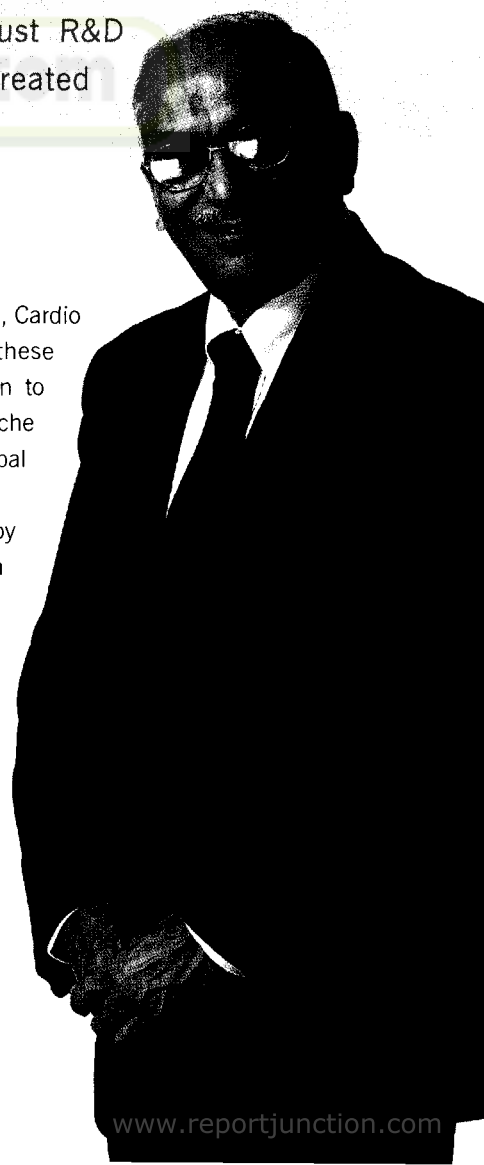


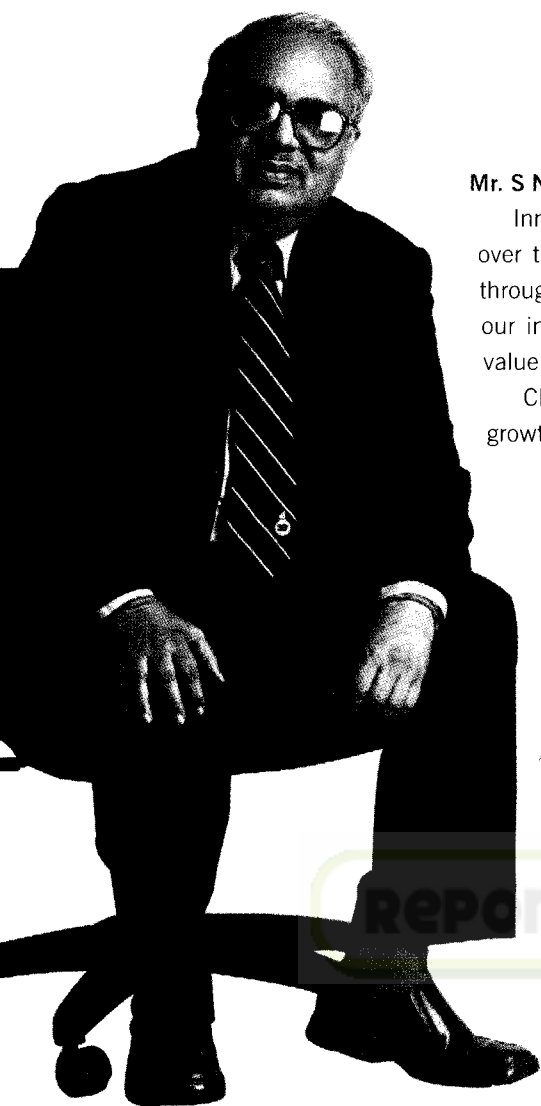
"A key component of our strategy to further grow this business is to firmly establish ourselves as a reliable partner to both innovator and generic companies in the pharmaceuticals and life sciences industry worldwide, backed by a robust R&D infrastructure and knowledge bank created over the years."

Our focus in APIs continues to be in the therapeutic herareas of Central Nervous System, Cardio Vascular System, Gastro Intestinal, Respiratory and Anti-infectives. Targeting these therapeutic areas, we today have a strong portfolio of products in APIs. In addition to targeting blockbuster APIs in select therapeutic categories, we are also developing niche APIs in areas such as oncology and APIs based on pyridine chemistry where we have global leadership.

A couple of years ago, we initiated our further ascension up the value chain by leveraging our strong presence in the APIs business to emerge as a player with an integrated offering of APIs and dosage forms. We have made noteworthy progress in that direction during the year under review. In dosage forms our focus is on the North American and European markets, which we will cater to through manufacturing facilities both in India and USA. We have a clear strategy of cooperation with innovator pharmaceutical companies. This strategy is in line with our strategic objective to be a partner of choice to global pharmaceutical and biotech innovator companies.

A key success enabler for us in the pharma business is our strong R&D and manufacturing skills, which results in the development of cost efficient processes. Our commitment to protect and respect IPRs too has helped – and I believe will continue to help us deepen our relationships with global pharma majors. I am confident that our investments in R&D and manufacturing will help us drive significant growth in this business going forward.

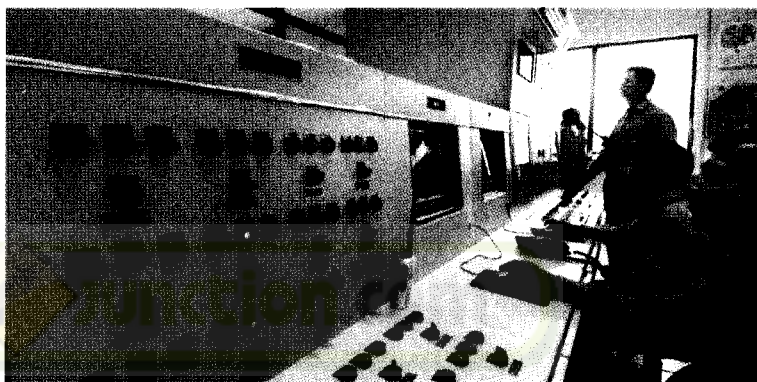




#### Mr. S N Singh

Innovation has been the key to our growth since we began operations. We have, over the years, provided innovative solutions to our customers in India and abroad through our accumulated knowledge and by leveraging our integrated operations, with our industrial products business acting as a strong platform from which we deliver value added Custom Research and Manufacturing Services (CRAMS).

CRAMS, like the rest of our pharma and life science operations, is a very important growth area for us. I am glad to report that during the financial year under review, we



maintained our leadership status in this business as the largest CRAMS company in India having the integrated capability to manufacture intermediates and fine chemicals right from milligram quantity at the lab scale to metric tonne quantities through our commercial scale multi-purpose plants.

The cornerstone of our CRAMS strategy is our thrust on reinforcing the strong relationships we enjoy with global life sciences companies. We continue to work closely with these companies with the objective of entrenching ourselves as their outsourcing partner of choice and supplying customized products throughout their product development and commercialization process.

During the year under review, we continued to enhance operational excellence in our CRAMS business through ongoing improvements in cost, quality, and service. At the same time, we have also de-risked our business by diversifying our customer base and introducing new products, thereby reducing our dependence on a few customers or products.

During the year, the Industrial Chemicals business witnessed high input costs for the major part of the year and stable sales price which resulted in margin pressure. With lower raw material cost now, we are confident of improved profitability in this business. We expanded our acetyls portfolio by adding a new product during the year under review. The Performance Chemicals business witnessed significant improvement in performance due to improved product mix and market presence. In both these businesses, the Company is focusing on expanding its presence in the international markets.

I firmly believe that our leadership position and scale of operations, combined with our ability to augment our product portfolio through our R&D base, will allow us to offer cost efficient solutions to our customers on a long-term basis.